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## **Survey on the preparations for change-over to the Euro**

UNICE has surveyed its member federations on the preparations for the introduction of euro notes and coins in January 2002. This document summarises the main findings. Answers were received from federations in 14 Member States, including all the members of the Euro-zone.

### **The impact of change-over**

Most companies will have taken the necessary steps to fulfil the legal obligations arising from the change-over to the euro. This suggests that the worst-case scenarios that have been suggested are unlikely to materialise.

Nevertheless, some disruption of business activity is expected in almost all. This will be particularly concentrated among retail companies. These will be faced directly with a range of problems, including the logistics of dual circulation, potential cash flow problems, customer confusion, and new cash register systems. As a consequence, queues are expected to build up in shops in January 2002, and business activity is expected to slow – this should be seen as a direct cost of the change-over. SMEs are also expected to suffer greater problems during the early stages of the change-over.

### **The burden of change-over**

Views diverge on how high the burden of the change-over is thought to be for companies. Slightly more than half the member federations think the burden is high, while the others feel it was appropriate. Costs to businesses include changes required for IT systems, handling, storing and transporting cash, adapting cash registers, and dual price display for all goods. Banks are also expected to be burdened due to the important role they have in cash distribution.

National governments have offered adequate support with the burden of change-over in most – but by no means in all.

Where the government support is felt to be adequate, it includes measures such as:

- Financial support with (or tax deductibility of) additional costs due to the change-over in Germany, the Netherlands and Belgium.
- Training, seminars or information packs have been freely provided in Finland and Ireland, and to some extent in Italy (including sector-specific actions, such as for vending machines).
- In Spain the Central Bank has been positive in simplifying the necessary steps for change-over, and in the UK (not a euro member) a web-site has offered advice on potential impact.

Support is seen as inadequate by five member federations; in Portugal and France there are practically no resources devoted to helping companies with the change-over, while in Austria the support at the regional level falls short. In Greece the public sector provides a disincentive to an early change-over to euros, because it is unable to accept payments in euros. In Luxembourg support is also held to be inadequate.

### **Information campaigns**

The amount of information available on the change-over was felt to be “enough” by most member federations, and “a lot” by all others. In no case was the available information thought to be “insufficient”. This implies that adequate information can be found by those who wish to find it.

However, national information campaigns have not always managed to bring the available information to those who really need it. This implies that targeting of information is among the key tasks over the next few months.

In Sweden, Austria, the Netherlands, Ireland and Luxembourg the information campaign is seen as good. This is helped by actions such as meetings between all groups of civil society to discuss the difficulties of the change-over, and extensive information campaigns. In Spain and Ireland (as well as Italy), there have been radio or TV campaigns to inform consumers.

In Germany, Belgium and Greece, public information campaigns are judged to be poor. Information campaigns have been delayed (by financing or co-ordination failures in Belgium), resulting in banks acting as main information providers in Germany, and business federations in Greece.

Most member federations think that further effort to ensure the success of the change-over is required at the national level, while several (four) also think that the regional level, and the sector federations, should play a greater role. Only three member federations indicated that more action is needed at the EU-level, or in national federations.

### **Competitiveness?**

The introduction of notes and coins is not expected to have much of an impact on the competitiveness of companies in most countries. Nevertheless, several believe that competition will be increased in the euro-zone as a whole, benefiting all members. In the UK, businesses wishing to maintain customers will have to accept both payments in euros, and the corresponding currency risk, reducing their competitiveness relative to members of the euro-zone.

### **Conclusion**

Overall this survey of member federations has highlighted that businesses in Europe are reasonably well prepared for the change-over to the euro notes and coins. Nevertheless, there are clearly some problems, and some businesses will be hit harder than others – notably retailers and SMEs.

Although there are differences between countries, the more successful approach has entailed a sharing of the burden between business and government.

The main message – which UNICE has been making for some time – is the importance of information. The quantity of information is generally held to be adequate, but it needs to be targeted more effectively. This is where public information campaigns have been falling short.

Finally, UNICE calls upon the media to play a positive role in making the change-over a success. As such, the media should seek to provide helpful information to support the change-over, rather than focusing on the potential problems.

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